

IOWA STATE BOARD OF TAX REVIEW 2015 ANNUAL REPORT (FINAL REPORT) 2016 LEGISLATIVE PRIORITIES

Iowa Code section 421.1(5) requires the Iowa State Board of Tax Review to submit a report to the General Assembly, at each regular session, on the status of affairs and give direction and recommendations to the Iowa Legislature. Accordingly, the Board has assembled a brief overview of 2015 activities and recommendations to legislators for the 2016 session.

The three current members of the Board are Kathleen Till Stange, David Erickson, and Jeff Elgin. Mr. Elgin is the current chairperson.

Annual Report of Board Activities

During the 2015 Legislative session, the Legislature passed House File 626 which contained language that repealed The State Board of Tax Review. The Board and the Department of Revenue supported this legislation and Board members and the Department of Revenue's Lobbyist were actively engaged in the passage of the bill. The Governor signed HF 626 into law on May 22, 2015. The Board's 2015 activities were based on complying with the requirements for repeal as stated in HF 626.

June 23, 2015 – Cable One, Inc. Docket No. 903 Closing Order

- I. The Board heard this appeal in 2012 and the Board agreed with the tax payer. The Department of Revenue appealed the ruling to Iowa District Court and the District Court upheld the Board's ruling. The Department of Revenue then appealed the ruling to the Iowa Supreme Court and the Court heard the case in October, 2014. The Supreme Court ruled for the Department of Revenue and against Cable One and the Board. After the ruling, Board members had several informal discussions with our Board attorney as to how the Board would proceed if the case was again tried in District Court. Fortunately, Cable One decided not to pursue appealing the case and our Board's attorney signed the dismissal order on March 2, 2015. The Board's Closing Order on this matter was signed on June 23, 2015.

August 27, 2015 Board meeting – Hoover State Office Building

- I. **Motion to comply with new Iowa Code section 421.1 subsection 6 paragraph a.**

Mr. Elgin made a motion that the Board shall not accept for review any decisions, orders, directives, or assessments of the Director of Revenue or the Department of Revenue as of May 22, 2015. The motion was passed unanimously by the Board.

II. Hearing: David T. & Linda D. Waldron v. Iowa Department of Revenue, Docket No. 1114

The case involves the Department of Revenue assessing the Waldron's capital gain taxes on the Waldron's sale of their Iowa house that they contended was their principal residence, although they were Nebraska residents. Mr. Waldron represented himself and Mr. Donn Stanley represented the Department. After the hearing, the Board reviewed the proceedings and unanimously voted to affirm the Director's final Order. The Board's Order On Hearing notice was issued on September 25, 2015.

October 5, 2015 Board meeting – Hoover State Office Building

I. Review of Open Cases Log motion for closure

The Board reviewed the Open Cases Log and assured themselves that there were no open appeals that the Board would have to consider hearing. By unanimous vote, the Board moved to close the Open Cases Log without any further Board considerations.

II. Motion to Repeal State Board of Tax Review

Having no further business to consider, the Board moved and unanimously passed the motion to repeal the State Board of Tax Review.

Recommendations for the 2016 Legislature

The vast majority of the appeals heard by this Board dealt with interpretation of the tax laws in the Iowa Code. It is the Board's opinion that there are many instances where the tax laws are outdated and does not adequately address the needs of today's society. The Board recommends that a comprehensive study be undertaken to update and modernize Iowa's tax code to better serve its citizens.